

Message Text

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ACTION AID-10

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FM AMEMBASSY NEW DELHI

TO SECSTATE WASHDC 3194

C O N F I D E N T I A L NEW DELHI 10620

LIMDIS

FROM AMBASSADOR MOYNIHAN TO AID ADMINISTRATOR PARKER AND
ASSISTANT SECRETARY OF STATE ATHERTON

E.O. 11652: GDS

TAGS: EAID, IN

SUBJ: INDIAN REQUEST FOR ASSISTANCE IN POWER SECTOR

SUMMARY: A PRO CPI LEFTIST CONGRESS MINISTER ASKS FOR TECHNICAL
ASSISTANCE. AT THE SAME TIME WE STILL DO NOT HAVE A REQUEST
FOR SUCH ASSISTANCE FROM THE PRIME MINISTER. THE REQUEST
MAKES SENSE AND I WOULD LIKE TO BE ABLE TO BE IN A POSITION

TO RESPOND FAVORABLY IF AND WHEN THE RIGHT MOMENT COMES.
CAN AID HELP ME? END SUMMARY

1. DURING THE COURSE OF A MEETING ON ANOTHER SUBJECT THE
MINISTER OF STEELS AND MINES, K.D. MALAVIYA, ASKED FOR USG
TECHNICAL ASSISTANCE TO BRING INDIAN POWER GENERATING FACIL-
ITIES IN THE DAMODAR VALLEY, BACK INTO FULL PRODUCTION.
MALAVIYA HAS JUST BEEN APPOINTED HEAD OF A INTERMINISTERIAL
TASK FORCE TO DEAL WITH POWER, COAL MINING AND TRANSPORTATION.
THE BOTTLENECK IN THIS AREA IS POWER AND THE DAMODAR VALLEY
CORPORATION (DVC) WITH A CAPACITY OF OVER 900MW BUT WITH AN
ACTUAL OUTPUT OF ABOUT ONE-THIRD THAT AMOUNT, IS ONE OF THE
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PRIMARY HEADACHES. THE RESULTING LOSS OF POWER IS NOT ONLY DAM-

AGING IN ITSELF, BUT MEANS THAT INADEQUATE POWER IS AVAILABLE TO RUN NORMAL OPERATIONS AT COAL MINES. COAL PRODUCTION IS THEREFORE CUT, FURTHER AGGRAVATING THE POWER SITUATION.

2. MALAVIYA STATED THAT A VARIETY OF PROBLEMS HAVE OCCURRED IN THE DVC. SOME INVOLVE LABOR-MANAGEMENT RELATIONS AND HE THINKS THAT HE CAN TAKE CARE OF THESE AS WELL AS THE TECHNICAL PROBLEMS INVOLVED IN THE HYDRO-PLANTS OF THE CORPORATION (APPROXIMATELY 100MW). HE SAYS MAINTENANCE IS THE KEY PROBLEM IN THE COAL AND DIESEL BASED PLANTS, MANY OF WHICH WERE PROVIDED FROM US SOURCES IN THE 1960'S. HE ASKED FOR "ONE MAN" TO COME AND LOOK AT THE FACILITIES AND MAKE RECOMMENDATIONS TO HIM ON HOW TO IMPROVE MAINTENANCE.

3. ECONOMIC COUNSELOR MADE NO COMMITMENTS AND NOTED THAT USG DID NOT HAVE A TECHNICAL ASSISTANCE PROGRAM IN INDIA, ALTHOUGH THIS POSSIBILITY HAD BEEN INFORMALLY DISCUSSED WITH THE PRIME MINISTER AND OTHER SENIOR GOI LEADERS. THE BALL WAS CURRENTLY IN THE INDIAN COURT. NEVERTHELESS, HE AGREED TO LOOK INTO THE MATTER.

4. COMMENT: MALAVIYA HAS BEEN A REGULAR AND VOCIFEROUS MEMBER OF THE CONGRESS PARTY LEFT FOR MANY YEARS. HE HAS NEVER BEEN PARTICULARLY ANTI-US BUT IS SIMPLY ONE OF THOSE CONFUSED THINKERS WHO ABOUND AT SENIOR LEVELS IN THE GOI.

5. I FIND IT IRONIC THAT THIS SPOKESMAN OF THE LEFT COMES TO US FOR ASSISTANCE WHILE WE STILL WAIT FOR THE PRIME MINISTER TO ANSWER MY QUESTION WHETHER THE GOI WANTS RESUMPTION OF AN AID PROGRAM.

6. I INTEND TO SEE MALAVIYA IN ABOUT A WEEK AND WILL MAKE IT CLEAR T HIM THAT WE EXPECT AN ANSWER FROM THE PRIME MINISTER BEFORE WE GO AHEAD WITH ANY SPECIFIC REQUEST. NEVERTHELESS, I WOULD LIKE TO HAVE IN MY POCKET THE ASSURANCE THAT WE COULD PROVIDE THIS TYPE OF ASSISTANCE IF IT WERE REQUESTED. ALSO, COULD WE GO AHEAD WITH A ONE SHOT PROJECT LIKE THIS EVEN BEFORE WE WENT THROUGH THE TIME CONSUMING PROCESS OF NEGOTIATING A BILATERAL TECHNICAL ASSISTANCE AGREEMENT. I THINK MALAVIYA'S IDEA OF "ONE MAN" IS NOT REALISTIC, BUT THREE PEOPLE FOR A COUPLE OF MONTHS, POSSIBLY
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PROVIDED BY AN AID TASK ORDER CONTRACT, WITH THE SUPPORT OF THE AID MISSION HERE, COULD DO THE JOB. THE PROJECT BASICALLY MAKES SENSE - MOST OF THE GENERATING EQUIPMENT IS OF US ORIGIN, AND WE HAVE THE KNOW-HOW TO TELL THEM HOW TO MAINTAIN IT. NO CAPITAL FUNDING IS REQUIRED YET THE POLITICAL IMPACT OF SUCH ASSISTANCE WOULD BE TREMENDOUS.

6. COULD YOU LET ME KNOW BY LATE NEXT WEEK WHETHER THIS PROJECT

IS FEASIBLE WITH AID/W FUNDING. AS I SAY, IT MAY NEVER COME
TO BE BUT IN THE PRESENT STAGE OF INDO-US RELATIONS WITH
THE SECRETARY'S FORTHCOMING VISIT, I THINK THIS WOULD BE
A USEFUL CARD TO HAVE AVAILABLE TO PLAY.
MOYNIHAN

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